



May 29, 2008

**VIA EMAIL (MICHAEL.VEIT@AZAHCCCS.GOV) AND
UPS OVERNIGHT DELIVERY (1Z1WE9400196603421)**

Michael Veit
Procurement Officer
Arizona Health Care Cost Containment System
701 East Jefferson
Phoenix, Arizona 85034

Re: AHCCCS RFP. No. YH09-0001--GSA 12--Maricopa

Dear Mr. Veit:

Molina Healthcare of Arizona, Inc. ("Molina") respectfully submits this notice pursuant to A.A.C. R9-22-604(C) in protest of the proposed award of Medicaid contracts pursuant to RFP No. YH09-0001 (the "RFP") in GSA 12--Maricopa. This notice states the legal and factual basis of our bid protest, as required pursuant to A.A.C. R9-22-604.

As is explained in greater detail below, we have concluded that some of the evaluation criteria used in scoring were beyond the ambit of the RFP. This violates the requirement that all of the "factors used to evaluate a proposal" must be provided to offerors prior to the deadlines for submitting proposals. (A.A.C. R9-22-602(A)(4).) We also believe AHCCCS erred in failing to award points to Molina on several responses that satisfied the RFP requirements.

Pursuant to A.A.C. R9-22-604(H)(3), Molina is requesting that AHCCCS rescore the questions identified in this protest. Once the sections are rescored, AHCCCS should award contracts for GSA 12--Maricopa, consistent with the terms of the RFP. In the alternative, we request that AHCCCS reissue the RFP for Maricopa County and make the factors AHCCCS will use to evaluate proposals public prior to the new submission deadline.

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To aid your review, we have quoted the exact wording of the requirements from the RFP in bold format, followed by Molina's analysis. We have also included as enclosures relevant scorecards, assumptions, comments, and other materials, divided and organized by RFP Question Number.

The protestor's name, address and telephone number is indicated below:

Molina Healthcare, Inc.
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A. AHCCCS Evaluated Proposals Based On Undisclosed Criteria.

Two basic requirements for a competitive procurement are that the bidders be informed of the bases on which their proposals will be evaluated and then that the proposals actually be judged on those disclosed bases. The applicable Arizona statutes codify those principles. A.A.C. §R9-22-602(A)(4) provides that an RFP is to state the "factors used to evaluate a proposal." R9-22-902(B)(2) then requires that "[t]he Administration shall evaluate a proposal based on . . . the evaluation factors listed in the RFP." In this procurement AHCCCS applied undisclosed evaluation factors in scoring the proposals and thereby failed to follow those fundamental rules. The result is that the announced award decisions are tainted and must be set aside.

Examples of the problem of undisclosed evaluation criteria in the current procurement are set forth below. The discussion is organized by Question number from RFP Section I, Instructions to Bidders.

30. Describe planned health promotion, outreach, and monitoring of adult preventive/early detection services including well women, well man, adult immunizations and chronic disease.

References: Section D, Paragraph 10, Scope of Services; AMPM, Chapters 400, 900 and 1000.

Scoring criterion #5 for this question provided that an offeror would receive one point if it “delivers specific preventative health/early detection messages to members that coincide with national initiatives.” Molina received no points for this criterion and the evaluators noted that “Offeror did not mention messages to members that coincide with national initiatives.” (Evaluator Comments for Program – EPSDT/MCH, ref. 1-5.) The reason for not addressing this evaluation criterion is simple—this issue was not raised in either the relevant RFP section or the cited portions of the AHCCCS Medical Policy Manual (AMPM). In fact, this criterion was so obscure and uncertain AHCCCS needed to define it for the evaluators. In the written evaluation “Assumption” for this evaluation criterion, AHCCCS adopted a very specific and narrow definition of “national initiative” as follows:

Outreach messages should coincide with a national initiative; i.e., a campaign designed to promote a specific health topic, awareness of a disease/condition, or specific behavior change(s), so that the message is reinforced from more than one source. Identifying materials or messages from a national source (such as the American Diabetes Association) does not meet the requirement of coinciding with an initiative.

(Assumptions for Program, EPSDT/MCH, Sub. No. 1-5.)

Certainly this information would have been of significant assistance to the health plans in preparing their proposals. Without this information Molina would have no expectation that it was to be evaluated on this very narrow basis. Accordingly, it was a violation of A.A.C. R9-22-602(A)(4) for AHCCCS to use this undisclosed evaluation criteria as a basis for evaluating Molina’s Proposal.

- 31. Describe planned health promotion, outreach, and monitoring for Early and Periodic Screening, Diagnosis and Treatment (EPSDT) and explain how the EPSDT program is integrated within the organization. Describe how EPSDT Tracking Forms are utilized to identify specific member needs such as AzEIP referral, PEDS tool, behavior health, oral health, and CRS conditions. References: Section D, Paragraph 10, Scope of Services-EPSDT; AMPM, Chapters 400 and 900.**

Evaluation criterion #5 for this question is another clear example of AHCCCS adopting entirely unpredictable evaluation criteria. It rated offerors on whether the proposal “describes a culturally competent approach” as to this particular approach. Nothing in the

Section I proposal requirement section, the Section D section on Scope of Services or the relevant AMPM chapters gives an offeror any indication that in this section it should address cultural issues. Not surprisingly, Molina received zero points for this evaluation criterion as the evaluators found that Molina “did not address a culturally competent approach to outreach in this section.” Molina had no reason to anticipate that it should address cultural issues in this section. In fact, the RFP gives every indication that cultural issues should be addressed in response to Section D, Paragraph 20 “Cultural Competency.” Molina described its commitment to cultural competence, including its Molina Institute of Cultural Competency, elsewhere in Molina’s Proposal, beginning on the third page of the Executive Summary. (Molina Proposal at p. iv.)

Given that there is a separate section devoted to cultural competency, it was entirely inappropriate for AHCCCS to secretly adopt a cultural competency evaluation criterion for the proposal response to the Scope of Services requirement. And, as discussed in Section B below, it was equally inappropriate to give Molina a zero score here on an issue as to which it had demonstrated its comprehensive approach where it was requested elsewhere in the RFP.

35. Describe the Offeror’s EPSDT and Maternal (MCH) organizational structure. Describe the staff functions within the organizational structure to ensure care needs are met. The Offeror must note if staff persons are dedicated solely to EPSDT and/or MCH functions.
References: Section D, Paragraph 16, Staff Requirements and Support Services; AMPM, Chapters 400 and 900

AHCCCS’s scoring evaluation sheets disclose that it established two evaluation criteria: scoring offers on whether they provided for separate personnel devoted to EPSDT and to Maternal Health Care as distinct areas. Specifically:

- separate scoring criterion #6-2.a. provides that one point will be awarded if staff are “specifically dedicated solely to EPSDT (award points if there ARE dedicated EPSDT positions).”
- separate scoring criteria #6-2.b. provides that one point will be awarded if staff are “dedicated solely to MCH (award points if there ARE dedicated maternity positions).”

While Molina proposed to provide whatever staffing was required to fulfill the EPSDT and MCH functions, it did not commit to dedicate any personnel exclusively to either of

these related tasks. As a result it was given no points in either 6-2.a. or 6-2.b. The scorers justified those scores with the following comments: "The offeror did not identify a position dedicated solely to EPSDT," and "The offeror did not identify a position dedicated solely to maternity care."

Nothing in the RFP indicated that offerors were required to dedicate personnel exclusively to one or the other of those tasks. Rather it committed to providing staff who were devoted exclusively to these two related tasks. Establishment of scoring criteria based on further segregation of personnel within these two tasks is a perfect example of undisclosed evaluation factors contrary to Arizona law.

The question for this area required description of a single "EPSDT and Maternal (MCH) organizational structure." It also provided that Offerors "must note if staff persons are dedicated solely to EPSDT and/or MCH functions." The use of the connector "and/or" (emphasis added) is particularly significant. It suggests to Offerors that AHCCCS has no preference as to whether these individuals are devoted exclusively to both the EPSDT and MCH functions (by the use of "and") or to only one of those functions (by the use of the "or"). That understanding is entirely consistent with the first of the References for this Question specifically called out in the RFP, ¶ D.16 of the RFP, Staff Requirements and Support Services. That provision identified "Maternal Health/EPDST (child health) Coordinator" as one of the "Key Staff Positions." (See RFP, p. 41, ¶16(l).) But that same provision also permitted "an individual staff member to occupy[] . . . two of the Key Staff Positions." (Id, ¶D.16 at p. 40.) So reasonably read, Question # 35 wanted assurance that those providing the EPDST and MCH functions, and particularly the Coordinator, were dedicated solely to the single EPDST/MCH organization and not splitting their time in providing other services as well.

That understanding is also consistent with the other reference called out in Question # 35, the AMPM. Chapter 400 of the AMPM says nothing about having staff who are separately dedicated to one function or the other. Rather as to both it requires simply "appropriately qualified personnel in sufficient numbers" to meet the requirements of that aspect of the program. (Policy 410, ¶B.1, p. 410-2 and Policy 430, ¶D.1, p. 430-16.)

Molina's staffing plan fully complied with a reasonable reading of the RFP requirements in this area. It established the position of Manager, Utilization Management (Material Health/EPDST (child health) Coordinator which it identified as "a role devoted solely to MCH/EPSDT." (Molina Proposal at p. 242.) Molina also provided for "RN Staff in MCH/EPSDT" described as "Case Managers with Pediatric and Perinatal experience

dedicated solely to MCH/EPSTD." (Molina Proposal at p. 243.) Thus Molina clearly provided for dedicated MCH/EPSTD personnel. And it made a general commitment, applicable here as in all other areas of its Proposal, that it "will comply with the staffing requirements, including additional required staff to support our operations" (Molina Proposal at p. 264.)

Molina deserved full points in this area for meeting all stated evaluation criteria. AHCCCS's application of an unstated requirement to reward splitting those personnel so that they were separately devoted to one or the other of these related tasks is contrary to law and should not be permitted to stand.

62. Describe the Member Grievance process from identification to resolution. Include the communication process with other departments, internal benchmarks for timely resolution and average time of resolution. References: Section D, Paragraph 26, Grievance System; Attachment H(1); ACOM Enrollee Grievance Policy

The focus of this requirement is on the actual process for resolving member grievances "from identification to resolution." RFP Section D, Paragraph 26 also addresses the grievance process, from informing members of their rights to the timely resolution of those grievances.

To evaluate this requirement, AHCCCS adopted the following, undisclosed evaluation criteria:

	Evaluation Criteria	Molina Score
1	Member Grievances are monitored to ensure resolution.	1
2	The Offeror resolves member Grievances within 90 days.	1
3	There is a process that monitors resolution timeliness when complaints are referred to other departments.	1
4	Member Grievances are trended on a quarterly basis.	0
5	Member Grievance trending reports are discussed with other departments and action is taken as needed.	0

The first three evaluation criteria directly relate to the grievance process. Not surprisingly, Molina's proposal described its Member Grievance process and it received full points for evaluation criteria 1-3. (Molina Proposal at pps. 374-376.)

The final two criteria, however, relate to a very different topic. They focus on follow-up trend reporting of the grievances and discussing the results of that trend reporting with other departments within the health plan.¹ An offeror would have no reason to anticipate that its member grievance process response would be evaluated against these unrelated standards.

It appears that the two trend reporting evaluation criteria were left over from a prior procurement. Phoenix Health Plan—one of the intended awardees for Maricopa County—filed its existing contract with the SEC. That contract included a specific requirement entitled “Quarterly Grievance System Reports” which provided that

The Contractor shall trend and analyze grievance, appeals and claim disputes at least quarterly; any identified trends and corrective action plans should be reported to AHCCCSA, Division of Health Care Management.

(See Vanguard Health System, Inc. (Phoenix Health Plan) 10-Q for 9/30/05, Exh. –10.4 at p. 44, ¶26.) The two trending evaluation criteria appear to directly address this requirement in the former contracts. But this contract requirement was not set forth in the current RFP, so it was improper for AHCCCS to evaluate bidders on that basis. Including these evaluation criteria gave incumbent contractors an unfair advantage because they would have already implemented, and would presumably as a matter of course have included, such reporting in their proposals for a new contract. Non-incumbents, on the other hand, would have no reason to know that this quarterly trend reporting was strongly desired, let alone a focus of proposal evaluation.

It is entirely improper to evaluate proposals based on Evaluation Criteria 4 and 5 for RFP § I, ¶62. These criteria were not disclosed to offerors, do not appear in the relevant paragraph of Section D, and an offeror would have no expectation they would be evaluated on this basis. Moreover, the criteria appear to relate to an outdated version of AHCCCS’s requirements. Accordingly, it was a violation of A.A.C. R9-22-602(A)(4) for

¹ The only reporting requirement mentioned in the relevant RFP sections is to RFP Attachment H(1) which provides for the submission of a Enrollee Grievance Report. Although it makes a passing reference to “explain[ing] trending in either direction,” trend analysis is certainly not the focus of that reporting, and the reporting described is not quarterly. In any event, Molina committed to full compliance with the Enrollee Grievance Reporting requirements. Molina Proposal at 376.

AHCCCS to use this undisclosed evaluation criteria as a basis for evaluating Molina's proposal.

63. Describe how the organization monitors the operational effectiveness of the Member Services Department.

References: Section D, Paragraph 25, Administrative Performance Standards

In this area AHCCCS used another trending reporting evaluation criterion, not disclosed in the RFP, this time related to "Telephonic Performance Standards." Scoring criterion #20-3 provides one point would be awarded if "Telephone accessibility rates are trended at least weekly." Scorer's comment #20(3) explains that Molina was awarded zero points in this area because "Information not found in submission."

In its Proposal, Molina proposed to meet or exceed each stated performance criterion, all of which were in Section D, and called out specifically the standards it would meet to the extent that they had been specifically stated in the RFP. (Molina Proposal at p. 378.) Molina also made an all encompassing commitment that it would "send comprehensive reports on Member and Provider telephone lines and any other required measures, to the assigned Operations and Compliance Officer in the Acute Care Operations Unit of the Division of Health Care Management ... and any other requirements as specified by AHCCCS." (Id.) In other words, it pledged to meet all stated performance standard and all reporting requirements. The RFP did not establish any obligation to trend telephone data and the only time reporting time interval mentioned in the RFP was the obligation for the Contractor to provide the Administration with telephonic performance standard reports "[o]n a monthly basis." In response to this requirement, Molina's Proposal provided a detailed statement as to how Molina will send comprehensive reports on Member and Provider telephone lines to the appropriate offices "prior to the 15th of each month." Because there was no obligation to trend the data in the report Molina did not specifically commit to do so in those monthly reports. Evaluation criterion #20-3 established an unstated requirement to trend data. And it wholly supplanted the RFP "monthly" report standard described in the RFP and replaced it with an altogether new standard requiring telephone accessibility be trended "at least weekly."

The RFP does not state that weekly trending of telephone accessibility is required or that any report of it needed to be prepared. Consequently, this criterion should not have been used to deprive Molina of points. (A.A.C. R9-22-602 (A)(4).)

B. AHCCCS Erred in Failing to Award Points on Several of our Responses that Satisfied the RFP Requirements.

AHCCCS committed errors in failing to award points to Molina in the following sections because Molina's Proposal met the requirements stated in the RFP and referenced documents.

13. Describe how the Offeror identifies quality improvement opportunities. Describe the process to select a performance improvement project, and the process to develop multi-departmental interventions to improve care or services. Describe the process for evaluating the effectiveness of the interventions. In addition to the three-page submission the Offeror must include a two-page sample Performance Improvement methodology for a relevant topic.

References: Section D, Paragraph 23, Quality Management (QM); AMPM, Chapter 900

Scoring criteria #1-2 indicate one point will be awarded for each of the following sub-criteria: if development of quality improvements interventions (a) is reasonable and logical based on root cause of the problem, (b) supported by literature sources (evidence based), and (c) causes and barriers to the problem are identified. Neither the RFP nor the AMPM mandate that (a) interventions should be reasonable and logical based on root cause of the problem, (b) supported by literature sources (evidence based), or (c) identify causes and barriers to the problem. As a consequence Molina did not address these points and received zero points as a result. Although Molina believes it inappropriate to use undisclosed and entirely unpredictable evaluation criteria, to the extent AHCCCS believes it appropriate to continue to utilize this criteria, Molina clearly should receive full credit, because Molina addressed the question.

The AMPM defines Performance Improvement Project (PIP) as a planned process of data gathering, evaluation and analysis to determine interventions or activities that are projected to have a positive outcome. (Policy 900, ¶6, p. 900-3.) Interventions must be implemented to resolve and prevent similar incidences, (Policy 960, ¶4(c)(2), p. 960-3), undertaken to improve quality (Policy 980 ¶1(a)(2), p. 980-1), and evaluated as to their effectiveness. (Policy 980 ¶1(a)(3), p. 980-1.) Molina satisfies all of these requirements,

as will be discussed in further detail below, and should have therefore received three points.

Policy 980 states ... After completing the first year of the PIP, each Contractor must submit a report that includes: ... Proposed strategies to implement interventions and measure performance after the interventions are in place (Policy 980 ¶9(b)(3), p. 980-11); if during the third year, interventions the PIP interventions did not result in demonstrable improvement, these findings must also be reported along with proposed actions to revise, replace and/or initiate new interventions to improve the performance measure (Policy 980 ¶9(c), p. 980-11); during the fourth year, re-measurement of performance is conducted to determine if sustained improvement has been achieved ... if sustained improvement has been achieved, a final report is submitted which details the PIP methodologies, interventions and findings, or ... if sustained improvement has not been achieved, these findings must also be reported along with proposed actions to revise, replace and/or initiate new interventions to improve and sustain the performance measure. (Policy 980 ¶9(d), p. 980-11.) Clearly, Policy 980 ¶9 applies to AHCCCS contractors, of which Molina is not.

Scoring criteria #1-4 indicates "sample methodology [must] include all components specified in Chapter 900, Section 980." Because there are seven sub-criteria ((a)-(g)), the total possible score is seven points. Molina received no points. The scoring document states that in order to award the maximum possible points the submission must include "all components specified in Chapter 900, Section 980." Similar to preceding criteria, the sub-criteria do not match up to AMPM requirements. However, to the extent AHCCCS believes it appropriate to continue to utilize this criteria, Molina clearly should receive full credit, because the Proposal addresses all of the components in Policy 980.

Policy 980 ¶1 requires that each contractor conduct PIPs to assess the quality and appropriateness of its services and to improve performance. PIP is defined at subparagraph (a) (See also, Policy 900, p. 900-3), and (b)(1) states "PIPs must be designed, through ongoing measurement and intervention, to achieve ... Demonstrable improvement, sustained over time, in significant aspects of clinical care and non-clinical services ... and, (b)(2) correction of significant systemic problems that come to the attention of the contractor through: (a) Internal surveillance and service delivery monitoring (b) Credentialing/re-credentialing (c) Tracking and trending of complaints/allegations (d) Member and/or provider satisfaction surveys, or (e) Other mechanisms." (Emphasis added.)

As required by Policy 980 ¶1(b)(1), Molina's diabetes PIP was conducted over a three year period, and demonstrated significant improvement: in 2007, Molina scored above the 90th percentile in its peer group on comprehensive diabetes care. (Molina Proposal at p. 179, Table 13-1.) As required by Policy 980 ¶1(b)(2), Molina identifies a need for intervention based on a variety of sources, including utilization measures [(a) Internal surveillance and service delivery monitoring], and evidence-based clinical guidelines, state performance measures, HEDIS, et cetera [(e) Other mechanisms]. (Molina Proposal at p. 177 (schematic).) In the diabetes example, Molina identified diabetes as an improvement opportunity through monitoring HEDIS results. (Molina Proposal at p. 178, last ¶.)

Policy 980 ¶2 mandates that selection of clinical and non-clinical focus topics take into account: (1) The prevalence of a condition among, or the need for a specific service by, the Contractor's members, (2) The members' demographic characteristics and health risks, (3) The interest of members, providers, AHCCCS and/or CMS, in the aspect of care or services to be addressed, and (4) Member input, whenever possible ... (Policy 980 ¶2.h.) As previously stated, Molina identifies projects based on a variety of sources, including NCQA and HEDIS measures, utilization measures, evidence-based clinical guidelines, and state performance measures. (Molina Proposal at p. 177, (schematic).) In the diabetes example, Molina identified diabetes as an improvement opportunity through monitoring HEDIS results. (Molina Proposal at p. 178, last ¶.)

Policy 980 ¶3 indicates "relevant clinical literature and other supporting information are good potential sources in developing study questions." (Policy 980 ¶3.c., p. 980-4.) As previously stated, Molina identifies a need for intervention based on a variety of sources, including NCQA, HEDIS, and evidence-based clinical guidelines. Molina identified diabetes as an improvement opportunity through HEDIS results. (Id.)

Policy 980 ¶4 requires that study indicators be objective and clearly defined; when HEDIS measures are generally used and are applicable to the topic, they should be used. (Policy 980 ¶4.b., p. 980-4.) Molina does use HEDIS measurements for study indicators. (Molina Proposal at p. 177, (schematic); p. 178, last ¶.)

Policy 980 ¶5 mandates that the population to be studied in the PIP be clearly defined and the methodology indicate if the entire population or a representative sample will be used. Molina's Proposal states: "The general [PIP] process is applied to specific conditions, diagnoses or populations for which measurable outcomes are desired. (Id at p. 177, ¶1.)

The diabetes PIP studied a defined population: Molina membership that had been diagnosed with diabetes.

Policy 980 ¶6 mandates that contractors: (1) Establish a baseline measure of its performance for each indicator, (2) Measure changes in performance, and (3) Continue measurement for an established period of time ... (Policy 980 ¶6.b., p. 980-6.) Molina takes a baseline measurement and measures performance. (Molina Proposal at p. 177, (schematic).) In the diabetes PIP, Molina established a benchmark in 2005, continued measurement for two additional years, and re-measured results in 2006 and 2007. (Id at p. 178, last ¶.)

Policy ¶7 indicates “Contractors must strive to meet a benchmark level of performance.” In 2007, Molina scored above the 90th percentile in its peer group on comprehensive diabetes care. (Molina Proposal at p. 179, Table 13-1.)

Policy 980 ¶8 establishes timelines that apply to contractors to the AHCCCS program. Policy 980 ¶9 establishes PIP reporting requirements that also apply to AHCCCS contractors. Because Molina is not currently a contractor, we would not expect AHCCCS to evaluate our Proposal with reference to Policy 980 ¶8 or ¶9. However, Molina is fully committed to meeting or exceeding all AHCCCS requirements.

Because Molina addressed the question and holding Molina accountable to scoring criteria that is not in concert with the RFP and AMPM violates A.A.C. R9-22-602(A)(4), Molina should be awarded ten (10) additional points for its response in this section.

**17. Describe the qualifications of the staff that will perform the quality management and quality improvement functions for the Offeror. Note if these persons are solely responsible for quality management functions.
References: Section D, Paragraph 16, Staff Requirements and Support Services; AMPM, Chapter 900**

Scoring criteria #5-1 indicates one point will be awarded if “The Quality Management process is staffed with employees that have quality management/clinical training (physician, physician’s assistant, nurse or CPHQ) and at least three (3) years experience.” The scorer’s comment indicates: “The Offeror describes staff with extensive QM experience rather than at least three years experience.”

Molina's Proposal describes four positions that require at least three years' experience: the CMO, QI Director, QI Specialist, and UM Director.

The "CMO is constantly dedicated to the objectives of the Molina QI Program"² ... "[t]he CMO is responsible for overall supervision of quality improvement, ..." and "This position is fulfilled by a qualified, credentialed, Arizona licensed physician with at least 5+ years progressive leadership experience in a managed care organization responsible for quality and utilization management functions." (Molina Proposal at p. 189, ¶4.)

"The QI Director is fully dedicated and responsible for planning, developing and evaluating the Quality Improvement (QI) Program under the direction of the CMO. ..." (p. 189, ¶5) and, "This position requires a minimum of 5+ years experience in managed care with excellent knowledge of NCQA® standards, and federal and state Medicaid requirements." (Molina Proposal at p. 190, ¶1.)

"The QI Director is responsible for the following full-time positions dedicated to the QI Program objectives: QI Specialist, a licensed clinical professional with 3+ years managed care experience in quality or a CPHQ professional." (Molina Proposal at p. 190, ¶2.)

The UM Director position "requires a minimum of 5+ years progressive experience in managed care with excellent knowledge of NCQA standards, and Medicaid federal and state requirements. Qualifications include a current Arizona licensed BSN/BS/BA, and a master's degree and/or a Certification in Case Management." (Molina Proposal at p. 190, ¶3.)

In addition, Molina referenced the position of Quality Management Coordinator at Proposal p. 189, ¶2, and also submitted a position description for the position of Quality Management Coordinator that indicates the position requires 3-plus years experience in managed healthcare and quality management/improvement, and 5-plus years experience working in a managed care environment, preferably Medicaid. (Molina Proposal at pps. 281-282.)

² Throughout this response in the Proposal to RFP Question No. 17, Molina refers to QI and QM collectively as the "QI Program" or simply "QI." The AMPM groups QM and PI under the same rubric, probably because conceptually the two concepts are very related. For example, see the following statement: "Molina Healthcare of Arizona's Quality Management/Quality Improvement (QI) Program infrastructure is multicultural and reflects the diverse member base we serve." (p. 189, ¶1.)

The evaluators were wrong, therefore, that Molina failed to meet the three year experience requirement. In fact, Molina proposed that all of its key positions in the QM/QI area would be filled with persons who more than met this requirement.

Scoring Criteria #5-3 for this same question indicates one point will be awarded if the offeror demonstrates it has staff dedicated solely for quality management. Scorer's comment #5(3) indicates "The Offeror did not identify staff dedicated to the QM process." As previously stated, Molina referenced the position of Quality Management Coordinator at p. 189, ¶2, and also submitted a position description that includes the required functions that are specified in RFP Section D, ¶15. (Molina Proposal at pps. 281-282.) In addition, the UM Director is responsible for planning, developing and directing the Utilization Management Department to *implement protocols, decision support systems, and reports that support continual enhancement of utilization management functions and promote quality health care.* (Emphasis added.) (Molina Proposal at p. 190, ¶3.) The italicized functions are consistent with the QM Coordinator's primary functions.

Scoring Criteria #5-4 indicates one point will be awarded if the offeror demonstrates it has staff dedicated solely for quality improvement. Scorer's comment #5(3) indicates "The Offeror did not identify staff dedicated to quality improvement." Molina's Proposal states: "The QI Director is fully dedicated and responsible for planning, developing and evaluating the Quality Improvement (QI) Program under the direction of the CMO. (Id. at p. 189, ¶5.) Also, "The QI Director is responsible for the following full-time positions dedicated to the QI Program objectives: QI Specialist, a licensed clinical professional with 3+ years managed care experience ...; Facility Site Review Nurse, a licensed clinical professional with experience in managed care and nursing in an ambulatory clinical setting; a Credentialing Coordinator with current Certified Provider Credentialing Specialist (CPCS) certification and/or a Certified Medical Staff Certification (CMSC). Also, "a Healthcare Analyst dedicated to HEDIS® performance and other outcome reporting will be employed approximately one-year after start-up. This position is responsible for report production and analysis for Quality and UM activities." (Molina Proposal at p. 190, ¶2.)

On all three criteria, Molina's Proposal demonstrated that the stated criterion was met and Molina should have been credited with a score of three (3) points instead of zero.

22. Provide results/rates for any HEDIS or HEDIS-like measure from a state in which the Offeror participates in the Medicaid line of business and in which the Offeror has experienced sustained, statistically significant improvement within the last three years. Include a minimum of three years of results, including numerators and denominators for the measure and statistical significance of change (e.g. chi-square test).

References: Section D, Paragraph 23, Quality Management (QM); AMPM, Chapter 900.

Scoring criteria #10-1 indicates three points will be awarded if “statistical significance is achieved in TWO consecutive years.” The scorer’s comment indicates: “The Offeror failed to report *degreed level of statistical significance* and *inappropriate statistical test was used* to calculating results of citing of type of statistical test used (sic) was incorrect.” (Emphasis added.) As a result, Molina was awarded zero points.

Table 22-1 provides the percentages of asthmatic members that received appropriate medications in Molina’s New Mexico health plan from 2005 to 2007. In 2005, 1,193 members had been identified as asthmatic. Of those, 467 or 64.29% received appropriate medications to treat the disease. In 2006, 691 members were identified as asthmatic. Of those, 584 or 84.52% received appropriate medication. In 2007, 325 out of 354 asthmatic members or 91.81% received appropriate medication for the disease.

The percentage of members diagnosed with asthma that received appropriate medication for their condition increased 20.23% from 2005 to 2006, and 7.29% from 2006 to 2007. Each year the increases have been deemed statistically significant based on respective pooled standard error calculations. “Statistically significant” in this context means that the 20.23% and 7.29% increases in two consecutive comparison periods are so great that the changes could not have occurred due to chance alone.

A two-sided Z-test hypothesis testing was performed to assess the statistical significance. The null hypothesis is that the population proportion of asthmatic members receiving appropriate medication is the same in the comparison periods. The alternative hypothesis is that the population percentages of asthmatic members receiving appropriate medication are different. The difference in the observed sample percentages is used to judge which hypothesis is supported by the data. The null hypothesis has been rejected in both comparison periods (2005-06 and 2006-07) at the significance level of 0.05.

The Z-test performed here is not only appropriate but also is the right test. Chi-square test has been used to assess the independence of two variables, goodness-of-fit in regression and degree of association between two characteristics. Rarely has it been seen used to assess the significance of changes.

Molina compares the percentage of asthmatic members receiving appropriate medication to that of NCQA in the last column. In 2007 the percentage of asthmatic members in Molina's New Mexico health plan that received appropriate medication for their condition had reached 91.81%, above the NCQA 90th percentile of the measure. Molina outperformed 90% of health plans in its peer group in NCQA.

Table 22-2 provides the percentage of adolescent immunization status in Molina's New Mexico health plan from 2005 to 2007. The same interpretation applies to the statistics cited in the table.

RFP Section D, Paragraph 23 and AMPM Chapter 900 include several references to statistical significance. However, none of the materials indicate the necessary "degreed level of statistical significance," nor do the materials require contractors to use any specific statistical test. To the contrary, the parenthetical following item 22, which indicates "e.g. chi-square test", suggests that chi-square test is *a* test to be used. As we explained, we believe the Z-test is the more appropriate of the two tests for this measurement. In all the texts and academic literature we have reviewed where the z-test is referenced, the value ± 1.96 has been characterized as "statistically significant."

Because the RFP and reference materials did not indicate that a degree of statistical significance of $p < 0.05$ was not acceptable and that result is uniformly deemed statistically significant in academic literature and texts and the two tailed z-test was a perfectly valid test for this data, Molina should be awarded three (3) points.

- 31. Describe planned health promotion, outreach, and monitoring for Early and Periodic Screening, Diagnosis and Treatment (EPSDT) and explain how the EPSDT program is integrated within the organization. Describe how EPSDT Tracking Forms are utilized to identify specific member needs such as AzEIP referral, PEDS tool, behavior health, oral health, and CRS conditions. References: Section D, Paragraph 10, Scope of Services-EPSDT; AMPM, Chapters 400 and 900.**

As noted previously, evaluation criterion #5 addressed whether the proposal “describes a culturally competent approach.” Molina received zero points because it did not specifically address cultural competence in response to that RFP requirement. Although Molina believes it inappropriate to use undisclosed and entirely unpredictable evaluation criteria, to the extent AHCCCS believes it appropriate to continue to utilize this criterion, Molina clearly should have received full credit. The Assumption for this criterion stated that the “response must address one or more aspects of culture in addition to a statement that the Offeror sends information to members in both English and Spanish.” Molina’s proposal explains that it has founded the Molina Institute on Cultural Competency to design and implement a culturally sensitive program. (Molina Proposal at p. 76.)

Moreover, Molina’s proposal is replete with information on its approach to cultural issues. For example, in describing how it develops a network of providers, Molina included the following:

Addressing Cultural Barriers to Increase Appropriate Utilization

Molina recognizes that awareness of services and accessing appropriate medical care can be hindered by cultural or language barriers. This can result in increased ER utilization. Molina successfully demonstrated its commitment to reducing these barriers in other states by implementing a cultural competency training program for our network physicians and staffs, which included specific cultural issues affecting access to care. Molina offers physicians self-study series titled: “Care of Special Populations,” which addresses patient care in a cultural context for Vietnamese, East Asian Indian, Latino, and Socially isolated members.

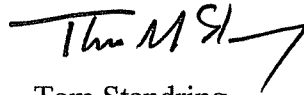
In addition, Molina provides written materials in threshold languages, including the “Feel Better Now” booklet to assist in reducing ER visits. Other materials are also produced in high profile language, as well as in alternative formats (DVD) to assist oral-language learners and visually impaired members.

(Molina Proposal at 81; *see also*, Molina Proposal at pps. viii, 249, and 578 for additional examples.) This response alone should have been sufficient for Molina to receive full credit under this evaluation criterion.

Michael Veit
May 29, 2008
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We greatly appreciate your time and consideration of this matter.

Sincerely,


Tom Standring

/ts

cc: Mark Andrews
Terry Bayer
Bob Gordon

Enclosures